U.S. ARMY MATERIEL COMMAND

Performance-Based Logistics: An Overview of Army & AMC Implementation

Army Performance Based Logistics (PBL) IPT Overview

2005 Army ILS Conference
Enabling Life Cycle Logistics

DATE: 3 May 2005

d to be faster, more agile, less [illegible] need to fight this everyd

Army PBL Implementation Status Update

Purpose: To provide a status update on the progress and accomplishments, to date, of the Army PBL IPT.

Objectives:

- Common Understanding of PBL
- Standard Overarching Army Policy
  - Ensure we speak with one voice
  - Common message and strategy

PBL Implementation
Bottom Line Upfront

DOCUMENTED POLICY & PROCEDURES -- A COMMON FRAMEWORK

- ✓ **Army BCA Policy / Guide** . . . . . *Final Coordinating* DRAFT in
- ✓ **Army PSI Guidance** . . . . . DRAFT in Staffing within Army IPT
- ✓ **Army PBA Guide** . . . . . DRAFT Development Guide
- ✓ **Army PBL Contracting Guide** . . . . . DRAFT in Staffing within Army IPT
- ✓ **Army PBL Metrics** . . . . . Metrics/Sub-Metrics Being Developed
- ✓ **Army Automation & Reporting** . . . . . Initial DRAFT PBL Report Being Developed;

  PBL Webpage Options Under Review

Defining the Governance Framework: Army PBL IPT

MG Stevenson — Mr. Pybus

Process Owner ⇐ **HQ AMC G-3** | **DASA(ILS)** ⇒ ***Process Owner***

Co-Chairs

HQ AMC G-3 Future Opns ILS	ASA(ALT) DASA-
Marvin Isom Hill	Larry

6 Sub-IPT's

- BCA
- PSI
- PBA
- Metrics
- Contracting
- Automation & Reporting

Voting Members

- FORSCOM
- AMCOM
- TACOM
- HQDA G-4
- DASA(CE)
- AFSC/JMC
- TRADOC
- AMC CMD Contracting
- CECOM
- RDECOM
- **4 PEO Reps**

Concept of Operations

- Army PBL IPT -- Self Directed with guidance from Process Owners
- IPT has authority to call on or add Subject Matter Experts (SMEs), as needed
- ***GO Review Forum*** will provide overarching guidance & resolve issues (**AMC G-3; DASA(ILS); Army G-4, FORSCOM; TRADOC**)

Advisory Members

- USASAC
- AEC
- AMC G-8
- AMSAA
- LOGSA
- AMC G-5
- DLA
- AMC CMD Counsel

Army PBL DRAFT BCA Policy Synopsis

- **Mandatory BCA Elements**
- **Ensures Consistency**
- **Establishes a Coordination and Concurrence Process**

- **Key Actions**
  - Develop Army PBL BCA Policy (***Status***: Final DRAFT in Staffing)
  - Develop BCA Format

Examples of Mandatory BCA Input Elements

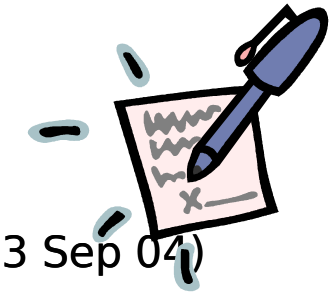
- ✓ Performance capabilities
- ✓ Logistics benefits
- ✓ Supply chain management
- ✓ Performance metrics
- ✓ Major assumptions
- ✓ Data sources
- ✓ Analysis / cost benefit model
- ✓ Constraints on Analysis

- **BCA Policy Requirements**
  - Costs / benefits considered for all ACAT programs; formal analysis / validation / approval required
  - For new ACAT I / II programs, PBL is preferred support strategy; ACAT III at PEO / PM's discretion

Approvals / Concurrence	ACAT I / II	ACAT III
Concurrence prior to Independent Verification/Review	PEO / LCMC Cdr	PEO / LCMC Cdr
Independent Verification / Review	DASA(ILS), DASA(CE), DA Staff, HQ AMC	DASA(ILS), DA Staff, HQ AMC
Approval	AAE	LCMC Cdr/PEO*

* LCMC Cdr/PEO approves after DASA(ILS) and DA staff concur

DRAFT Army PBL BCA Policy



- **Determining PBL feasibility:**
  - Management Analysis Criteria (USD guidance, 20 May 04)
  - Compliance with Army Boundaries/Constraints (USD policy, 23 Sep 04)

Management Analysis Criteria

- Current traditional strategy (commercial or organic)
- If minimal logistics requirements (ex: wooden rounds) maintain existing support strategy
- Minimum five years useful life
- PBL approach can meet warfighter requirements; high potential to increase performance/reduce cost
- Risks of PBL deemed low to minimum
- Cost to complete formal BCA = investment cost

Product Support Boundaries/Constraints

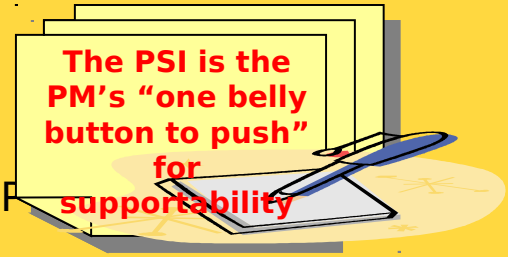
- Operationally executable; no infringement on CDR
- Comply with CAF Policy (AR 715-9)
- Total system TAV; contractors feed ITV servers
- Use DTS/DOD hubs (where practical)
- Use STAMIS; if not, must be transparent
- Seamless GCSS-A transition; full SALE interface
- Compatible w/emerging sustainment doctrine

Minimum considerations/tools to determine if PBL is best operational and economical support

Army PBL PSI Sub-IPT Key Actions / Deliverables / Status

- **Consistent Guidance**
- **Defined PSI Roles, Skill Sets, Capabilities**

- **Key Action:** Develop Army PSI Guidance (**Status:** Target of 27 May 05 for Coordination Army PBL IPT Members
- **PSI Definition:** Entity performing as a formally bound agent in contractual, or contract like, relationship charged with integrating all sources of support, public and private, defined within the scope of the PBL agreements to achieve the documented outcomes.



- **PSI Roles and Responsibilities:**
  - Single point of responsibility
  - Co-chair the Supportability Integrated Process Team (SIP
  - Manage Product Support Providers (PSPs)
  - Coordinate functional activities provided by providers (organic, private, partnerships)
- **PSI Knowledge, Skills and Capabilities:**
  - Detailed analyses, planning, and forecasting skills
  - Knowledge of the system
  - Program / project management / integration skills and experience
  - Working knowledge of DoD supply, maintenance, and distribution
  - Willingness & capability to be bound in a formal / binding relationship

Army PBA Sub-IPT Key Actions / Deliverables / Status

- **Standard Template**
- **Standard Language**
- **Automated Tool**
- **Reference Library**

- **Key Actions**
  - Develop automated PBA Guidance (w/sample language & examples) (**Status:** Beta development plan & options, 15 May 05
  - Support development of central PBA data repository (**Status:** Library updates, 15 May 05)

- **PBA Guide -- Key Status:**
  - Automated guide approach selected Apr 05 - -" To" manual (PBA generator tool)

Performance Based Agreement (PBA)

- Defines performance between parties
- Can be "MOU-type" between organic parties
- Can be "contract" with commercial party
- Specifies applicable performance metrics
- Typically includes incentive/penalty and dispute resolution
- Binding agreement

- **Automated PBA Generator -- Key Status:**
  - Tailorable PBAs based on input
  - PBA templates (85% complete)
  - Uses existing LOGPARS automation logic to build PBA documents (Development Plan, 15 May 05; Beta test, TBD)

- **PBA Reference Library**
  - Collecting cross-service examples and presentation slides
  - All PBA examples mapped to PBL metrics for sample purposes
  - Objective: Library resides on AKO

Army Contracting Sub-IPT Key Actions / Deliverable / Status

- **Identify FAR / DFAR Clauses to Consider**
- **Standardization of PBA Contract Language**

- **Key Actions**
  - Develop Army PBL contracting guidance (**Status:** Initial draft in staffing with IPT members, tar for final product is 20 May 05)
    - Identify applicable contract clauses
    - Recommend incentive and disincentive clauses
    - Identify legislative / regulatory restrictions, and the actions required to remove or circumvent barriers

- **Critical Deliverable**
  - Army PBL contracting policy & guidance (**Status:** Second draft in staffing with voting / advisory IPT members; target for final product is 20 May 05)

Army Contracting Sub-IPT Examples of Clauses for PBL Contracts

FAR/DFAR clauses apply – no new mandatory clauses required

- Single Army Logistics Enterprise (SALE) Clause – For all ACAT I - III Programs, the contractor shall ensure that ***all logistics sustainment processes delivered under the contract are designed for cost effective integration with SALE.***

- FAR Part 27, Subpart 27.4, DFARS Subpart 12/14 and DFARS Subpart 212.3 insure that the ***government has access to data are required.***

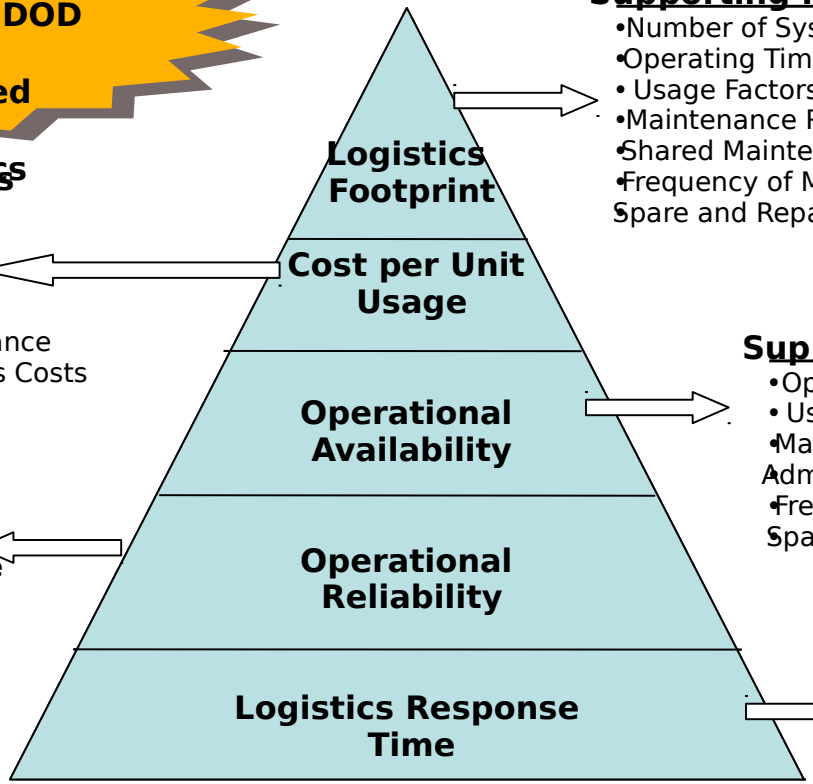
- The PSI and PSP will be required to ***support the USG's Security Cooperation Program and Foreign Military Sales (FMS),*** in support of US Foreign Policy and National Security goals and objectives.

Army Metrics Sub-IPT
Key Actions / Deliverable / Status

- **Common Definitions**
- **Common Formulae**
- **Consistent Measurement**
- **Confidence in Metrics between Programs**
- **Flexible Application**

- **Key Actions:** Define DOD overarching PBL Metrics and supporting Army metrics
- **Critical Deliverable:** Proposed Army PBL Metrics -- definitions, methodology, data sources (***Status:*** Target for Final Submit, 30 Jun 05)

Sub-IPT defined DOD mandated Metrics; developed supporting Army metrics



Supporting Metrics
- Number of Systems
- Operating Time or Usage
- Usage Factors
- Maintenance Resources
- Shared Maintenance Resources
- Frequency of Maintenance
- Spare and Repair Parts Logistics Footprint

Supporting Metrics
- Number of Systems
- Operating Costs
- Usage Factors
- Maintenance Costs
- Frequency of Maintenance
- Spare and Repair Parts Costs
- Facilities Cost

Supporting Metrics
- Operating Time
- Usage Factors
- Maintenance Downtime
- Administrative Delay for Maintenance
- Frequency of Maintenance
- Spare and Repair Parts Logistics Delay Time

Supporting Metrics
- **Operational Performance**
- Defined Mission

Supporting Metrics
- Processing Time
- Repair Cycle Time
- Customer Wait Time

Army Automation & Reporting Sub-IPT Key Actions / Deliverables / Status

- **Single Website**
- **Standardized Reporting**
- **Common Database**

- **Key Actions**
  - Examine existing database options for automation support
  - Develop PBL report content/format for tracking status of PBL programs
  - Single Army PBL Webpage (AEPS being considered)

Planning to create A single LCMC Report

Army PBL Website

Public Access	Private Access
• Latest Policy • Education Material • Processes • Generic Examples	• Reports • Current Archive • Custom Reports • Program PBL Documents

- **Critical Deliverables**
  - **Status:** TBD)
  - **s:** TBD)

Army PBL IPT Co-Chairs will meet with the Sub-IPT Co-Chairs 19 – 20 May 05 (tentative)

PBL Topics for the GO Forum

- Who signs the Performance Based Agreement (PBA) for the warfighter
- Pre-Milestone B proponent to oversee integration of ILS/product support considerations
- Single submission of a Product Support Strategy (PSS) vice individual submission of BCA, PBAs, etc.; PSS to include:
  - BCA
  - CDA
  - Supportability Strategy
  - DRAFT PBA(s)
  - Funding Plan/requirements
- Approval authority for the PSS? AAE?

Additional topics will be added, as needed

Upcoming Events

- Army PBL IPT Co-Chairs will host focused meeting with Army PBL Automation & Reporting Sub-IPT (target is late May 05)
  - PBL Database
  - Single LCMC Report
- Army PBL IPT General Officers Forum - - 7 Jun 05
  - First meeting of the GO's
  - Sub-IPT Co-Chairs will provide overviews and discuss issues
- PBL Briefing planned for AMC Commanders' Meeting - - 16 – 17 May 05

BACK-UP Slides

Performance-Based Logistics (PBL) OSD Definition

Performance-Based Logistics: *A strategy for weapon system product support that employs the purchase of support as an integrated performance package designed to optimize system readiness.*

It meets performance goals for a weapon system through a support structure based on performance agreements with clear lines of authority and responsibility.

DODD 5000.1, 12 May 03

NOTE: PBL is the preferred approach to product support. It's required to be considered for all new systems and current ACAT I and ACAT II systems. ACAT III systems are considered at the discretion of the PMs.

Ms. Morales, Product Spt Guide, 6 Nov 01
Mr. Bolton Memo, 8 Jul 02, subject: PBL

Traditional Support vs. PBL Support

Traditional Support Method	PBL Support Method
Functionally focused	Customer focused
Transaction-based	Performance-based
Multiple handoffs	Single-point accountability
Varying service levels	Consistent, reliable service
Commercial and government roles	Partnerships
Stovepiped	Integrated
Reactive	Pro-active
Capital Fund optimization	Mission and capability optimization

PERFORMANCE-BASED LOGISTICS (PBL) IS:

- **Buying *RESULTS* NOT *RESOURCES***

Technical Assistance 24/7/365
- VS -
Field Service Reps

- **Using *PERFORMANCE* specifications NOT *DESIGN* specifications**

Statement of Objectives
- VS -
Methods/Process(es)/Procedure(s)

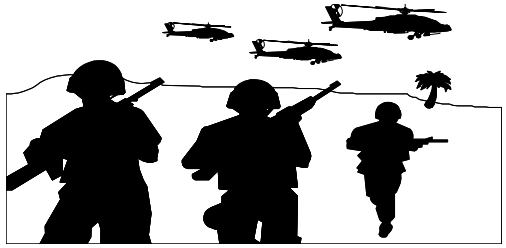
- **Buying a *SOLUTION* or an *OUTCOME* NOT defining the *PROCESS AND METHODS* (achieve a pre-determined COA)**

What … not How

- **All about assigning *RESPONSIBILITY* to the *SUPPLIER* NOT the *REQUIRING* organization**

Contract for an Outcome
Leave Process to Supplier
Supplier Responsible for Outcome
- VS -
Hire a Supplier
Dictate the Process(es)/Procedure(
Requiring Org Retains Responsibili

Army PBL Goals / Objectives



- **To Provide Warfighters Increased Operational Readiness**
- **To Enhance the Logistics Response Times**
- **To Enhance Deployment**
- **To Reduce the Logistics Footprint**
- **To Reduce Logistics Cost**

Ref: Mr. Bolton Memo, 8 Jul 02, encl: Army PBL Implementation Schedule

PERFORMANCE-BASED LOGISTICS (PBL)

Army PBL
BOUNDARIES/CONSTRAINTS

- Statutory constraints
- Regulatory constraints

Follow Contractor On Battlefield Policy

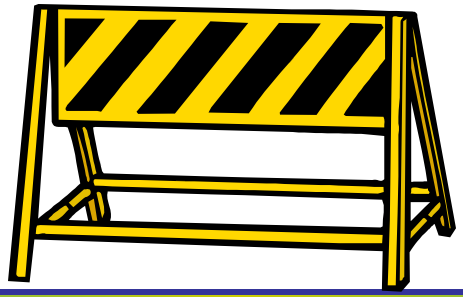
Use of STAMIS* Systems

Compatible with Army Maintenance Strategy

Maintain Total Asset Visibility

Transparent To the Field User

Use of Distribution Hubs



Interface with SALE**

*STAMIS – Std Army Mgt Info Sys

**SALE – Single Army Logistics Enterprise

Using Performance-Base Agreements (PBAs)

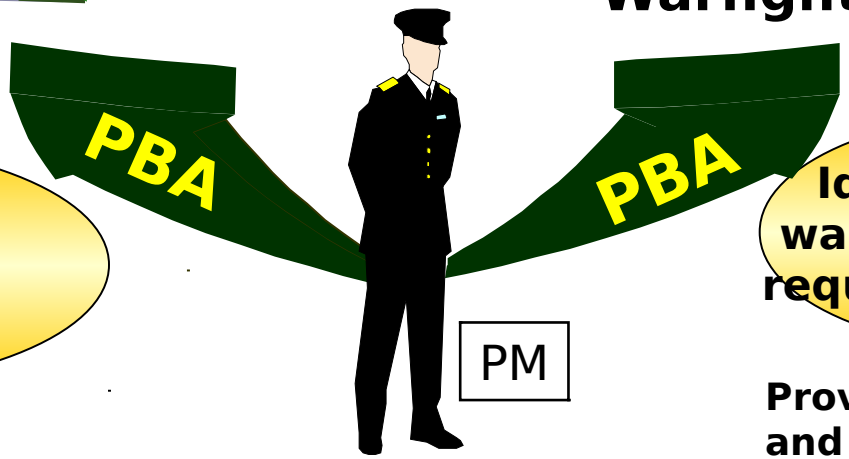
Industry and Organic

Buy performance as a package
(Include surge and flexibility)

Weapon System Management

Warfighter / Force Provide

Support Provider



Translate warfighter requirements into optimum sustainment

Identify measurable, warfighter performance requirements and metrics

Provide continuous, reliable, and affordable support

Cost and Risk Decisions Affecting the Life Cycle

Acquisition ***Sustainment*** ***Disposal***

Spectrum of PBL Strategies

PBL can fall anywhere along the spectrum (PBL ▯ CLS) … depends on System Age, Life Cycle Phase, Existing Infrastructure, Organic / Commercial Capabilities, Legislative & Regulatory Constraints

CLS: Contractor Logistics Support
DVD: Direct Vendor Delivery
PBL: Performance-Based Logistics
TSPR: Total System Program Responsibility

Army PBL IPT: Sub-IPT Co-Chairs

- BCA
  - Mike Connor, DASA (ILS)
  - Dave Henningsen, DASA (CE)
- PSI
  - Linda Beltran, CECOM
  - Caroline McCarthy, PEO (IEW&S)
- PBA
  - John Lund, PM-Apache
  - Sam Hickerson, TACOM

- Contracting
  - Zalerie Moore, HQAMC Contracting
- Metrics
  - Heather McMahon-Puhalla, AMSAA
  - Fred Godette, PEO (JPEO / NBC)
- Automation & Reporting
  - Mike West, AMCOM
  - Mahona Carleton, PEO (Tac Msls)

Sub-IPT POC's at LCMC's

	AMCOM	CECOM	TACOM
BCA		Roberto Flores	Dennis Ward Richard Bazzy Warren Smith
PSI	Mike West	**Linda Beltran (Co-Chair)**	Lynda Evans
PBA	Mike West	Linda Beltran	**Sam Hickerson (Co-Chair)** Chris Thomasson Charlene Wood
Contracting			John Zoltowski Walt Romatowski
Metrics	Mike West		Anthony Cuneo Ken Hiltunen
Automation & Reporting	**Mike West (Co-Chair)** Jessica Jackson Larry Bruce Mark Richardson		

Army PBL IPT: Voting Members

- Marvin Isom, HQAMC G-3
- Fredrica Hensley, HQDA G-4
- Zalerie Moore, HQAMC Contracting
- George Gray, AFSC / JMC
- Michael West, AMCOM
- Bernard Price, CECOM
- Michael Lee, RDECOM
- Ron Mazz, TACOM

- Larry Hill, DASA(ILS)
- Dave Henningsen, DASA(CE)
- David Campbell, FORSCOM G-4
- Mary Henry, TRADOC
- Jerry Varela, PEO-Soldier
- Jean Matlock, PEO-Avn
- Joel Wagner, PEO-CS&CSS
- Caroline McCarthy, PEO-IEW&S

ARMY PBL IPT: GO Forum Members

- MG Mitch Stevenson, HQAMC G-3
- Mr. Wimpy Pybus, ASA(ALT)
- Ms. Modell Plummer, HQDA G-4
- Mr. Steve Koons, FORSCOM
- Mr. Tom Edwards, TRADOC